

Message Text

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ORIGIN EUR-25

INFO OCT-01 ISO-00 L-03 FCSC-01 PRS-01 RSC-01 SS-20 SSO-00

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EUR -- MR. ARMITAGE (SUBS)

L/C -- MR. HUANG

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FM SECSTATE WASHDC

TO AMEMBASSY PRAGUE NIACT IMMEDIATE

C O N F I D E N T I A L STATE 145028

E.O. 11652:GDS

TAGS: PFOR, EFIN, L/C, CZ, US

SUBJECT: CLAIMS NEGOTIATIONS

REF: PRAGUE'S 1575

1. WOULD APPRECIATE YOUR CABLING FULL TEXT OF AGREEMENT.
2. PLEASE ADVISE WHO INITIALING FOR EACH SIDE.
3. FOLLOWING IS GUIDANCE WHICH WE HAVE PREPARED FOR USE
HERE ON "IF ASKED" BASIS.

BEGIN TEXT:

Q. WHAT CAN YOU TELL US ABOUT THE CLAIMS AGREEMENT WHICH
WAS INITIALED IN PRAGUE THIS MORNING?

A. A PRELIMINARY AGREEMENT ON VARIOUS FINANCIAL ISSUES
WAS INITIALED IN PRAGUE BY OUR AMBASSADOR (CHARGE) AND A
REPRESENTATIVE OF THE CZECHOSLOVAK FOREIGN MINISTRY. THIS
PRELIMINARY AGREEMENT, WHICH WAS UNDER NEGOTIATION SINCE
' SEPTEMBER 1973, IS AD REFERENDUM, THAT IS, SUBJECT TO THE
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REVIEW AND FINAL APPROVAL OF THE TWO GOVERNMENTS. UNTIL

A FINAL CONCLUSION IS REACHED, I CANNOT GO INTO THE SPECIFIC TERMS OF THE AGREEMENT. BASICALLY, THE AGREEMENT

INVOLVES CLAIMS BY U.S. CITIZENS FOR PROPERTY WHICH WAS NATIONALIZED OR OTHERWISE TAKEN BY THE CZECHOSLOVAK GOVERNMENT. IT ALSO INVOLVES PAYMENT OF A CZECHOSLOVAK GOVERNMENT DEBT WHICH WAS INCURRED FOR THE PURCHASE OF SURPLUS U.S. GOVERNMENT PROPERTY AFTER WORLD WAR II. A THIRD ELEMENT IS THE REMOVAL OF OUR OBJECTION TO THE RELEASE TO CZECHOSLOVAKIA OF GOLD WHICH WAS TAKEN BY THE GERMANS DURING THE WAR AND WHICH IS NOW HELD BY THE TRIPARTITE (US-UK-FRENCH) GOLD COMMISSION.

Q. WHAT IS THE AMOUNT OF THE CLAIM?

A. THE U.S. FOREIGN CLAIMS SETTLEMENT COMMISSION AWARDED CLAIMS IN THE AMOUNT OF DOLS. 72.6 MILLION.

Q. HOW MUCH WILL THE CLAIMANTS RECEIVE UNDER THIS AGREEMENT?

A. SINCE A FINAL AGREEMENT HAS NOT BEEN SIGNED, I'M UNABLE TO GO INTO THE TERMS OF THE SETTLEMENT.

Q. WHAT DOES THE SURPLUS PROPERTY DEBT AMOUNT TO?

A. THE PRINCIPAL AND INTEREST ON THIS DEBT TOTAL SOMEWHAT OVER DOLS. 7 MILLION.

Q. HOW MUCH GOLD WILL THE CZECHS GET FROM THIS SETTLEMENT?

A. THE GOLD BEING HELD BY THE TRIPARTITE GOLD COMMISSION TOTALS 18.4 METRIC TONS.

Q. HOW MUCH IS THIS WORTH?

A. AT THE CURRENT MARKET PRICE, ABOUT DOLS. 80 MILLION.

Q. WASN'T A CLAIMS AGREEMENT WITH CZECHOSLOVAKIA INITIALED CONFIDENTIAL

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SOME YEARS AGO?

A. WE INITIALED A CLAIMS AGREEMENT WITH THE CZECHOSLOVAK GOVERNMENT IN 1964, BUT AFTER RECONSIDERATION OF ITS TERMS, DECIDED NOT TO GIVE IT FINAL APPROVAL.

Q. WHEN WILL THIS AGREEMENT BE SIGNED, AND WHO DO YOU THINK WILL SIGN IT FOR OUR SIDE?

A. WE WOULD HOPE THAT EACH SIDE WILL CARRY OUT ITS REVIEW OF THE SETTLEMENT EXPEDITIOUSLY. WE HAVE NOT MADE ANY

DECISIONS ON WHO WILL SIGN THE AGREEMENT.

Q. IN THEIR ANNOUNCEMENT ON THE INITIALING, THE CZECHS EXPRESSED A HOPE WE WOULD HAVE BETTER ECONOMIC, CULTURAL, AND SCIENTIFIC RELATIONS. DO YOU THINK SUCH IMPROVEMENTS WILL BE A DIRECT RESULT OF THE FINANCIAL AGREEMENT?

A. WHEN IT IS SIGNED, THE FINANCIAL AGREEMENT WILL REMOVE A LONG-STANDING PROBLEM IN OUR BILATERAL RELATIONS. WE, OF COURSE, WOULD HOPE THAT IT WILL CONTRIBUTE TO A NORMALIZATION OF OUR RELATIONS WITH CZECHOSLOVAKIA IN OTHER FIELDS AS WELL.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TREATY SIGNATURE, DEBT AGREEMENTS, GOVERNMENT DEBTS, PROPERTY WAR CLAIMS, PRESS RELEASES
Control Number: n/a
Copy: SINGLE
Draft Date: 04 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE145028
Document Source: CORE
Document Unique ID: 00
Drafter: EHURWITZ/AJ
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740178-0075
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740774/aaaacslsh.tel
Line Count: 133
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: PRAGUE'S 1575
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 17 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 APR 2002 by kelleyw0>; APPROVED <23-Sep-2002 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CLAIMS NEGOTIATIONS
TAGS: PFOR, EFIN, CZ, US
To: PRAGUE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005